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Mandatory Review

Case # NLJ 97-208

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Document # 29

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Personal for

25 June 1964

McKenna Brandy

MEMORANDUM FOR: Director of Central Intelligence *Jam*
THROUGH : Deputy Director, Central Intelligence
SUBJECT : "Bridges to Eastern Europe."

1. This memorandum is responsive to your request that we identify some of the moves which could be taken with respect to implementing the President's policy of "building bridges across the gulf which has divided us from Eastern Europe." It is not intended as an exhaustive study of the many possibilities available.

2. Obviously some steps which might advance our interests with the current regimes in Eastern Europe might have adverse affects on the general population in the area. They might also have similar affects on our interests in other areas, for example in West Germany or in the USSR. In general we have not attempted to sort out and weigh the balance of interests involved in each case.

3. The memorandum also does not attempt to evaluate the chances of obtaining positive action by the US Congress in cases where legislative action might be necessary.

4. We have coordinated this paper with DD/P.

General Considerations

5. Clearly, implementation of the policy must avoid dramatic and flamboyant actions which are likely to generate suspicion or which would be difficult for an Eastern European nation to accept. A series of small steps that convey our intentions and that do not create embarrassing political overtones would best serve Western interests. Even these must be subtly initiated.

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6. There are open to Washington certain domestic actions which, although they would arouse a critical response in certain circles in the US, would contribute to a general improvement in the atmosphere with Eastern Europe.* Among these are:

- A. Abandonment of the annual Captive Nations Week resolution by the US Congress. It is outdated, obviously resented, and ignores the diversity in Eastern Europe.
- B. Withdrawal of direct and indirect support of East European refugee groups and governments-in-exile. These organizations enjoy no political influence in their native countries and could never serve as an acceptable nucleus for a non-Communist government. US support of these groups, moreover, carries the implication that they are an alternative government to that in power with which we would be attempting to establish a bridge.
- C. Expansion of the modest efforts now underway to educate the US public so that it will understand the evolving situation in Eastern Europe. This could lead to a lessening of local discrimination in the US against the sale of goods imported from Eastern Europe. It could lead to a favorable attitude in Congress toward the President's policy.
- D. Essential to any program of "building bridges" is the easing or repeal of

*Appended as Annex I is a summary of former Ambassador Kennan's views on US policy toward Yugoslavia, written in December 1962. His views are pertinent to the "bridge building" policy.

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(restrictive legislation on dealings with Communist countries, so that the executive agencies of the US Government can deal with these states with greater flexibility. Under present law the extending of aid even for humanitarian purposes, such as after the Skoplje earthquake, is time-consuming and extremely difficult to arrange.)

7. There are other general official actions the US can take which would not require any change in existing policies.

- A. The Department of State could clarify immigration policy regarding people born in Eastern Europe who now are resident in the free world and who have subsequently made trips behind the Iron Curtain. Many such people erroneously fear they would lose the right to visit or emigrate to the US if they make a return trip to their homeland. Western European citizens also suffer under the same illusion.
- B. The Department of State could publicly clarify in Eastern Europe US policies on issuing visas to rank and file members of the Communist party or other extant parties in Eastern Europe. Many party members do not realize they are eligible for US visas under existing regulations.
- C. Provision could be made for more expeditious handling of requests by US citizens of Eastern European origin who desire and need official help in making substantial gifts (such as the X-ray machine recently given to Wroclaw Hospital in Poland) to their homeland. The present process of arranging for delivery of such gifts is very laborious because the machinery of the Department

-3-

NO FOREIGN DISSEM
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of State and other government agencies is not prepared administratively to deal with such requests.

8. Since 1949-50, US restrictions on trade with Eastern Europe and Communist emphasis on production for internal or intra-bloc use have kept commerce between the two areas far below its potential. //

9. In recent years, however, all the Eastern European countries have shown growing interest in increasing their imports from the US, primarily of advanced technical equipment, but also of agricultural and other products. Some of these goods are denied the Eastern European countries by means of US export licensing restrictions. Moreover, the ability of these countries to pay for imports from the US is limited since they are denied access to commercial credit and are not accorded Most Favored Nation (MFN) treatment. Partly for these reasons, and partly because of domestic economic priorities, the East European countries have not made a major effort to develop production of goods marketable in the US. The exceptions are Yugoslavia and to a lesser extent Poland, which have been treated much more liberally than the other countries of the area in regard to US export licensing. They receive normal commercial credits, PL-480 credits, and MFN treatment. More liberal export policies and access to commercial credits also are being given to Rumania, which, however, does not have a very large short-term potential for exporting to the US. ✓

10. Czechoslovakia probably has the most urgent need for increased trade with the West, including the US. Hungarian interest in Western machinery and equipment has increased. Bulgaria, the least developed of the Eastern European countries except for Albania, has a vital and continuing need for foreign equipment, technical assistance, and credits. The USSR has provided this support and recently granted Bulgaria a credit of \$333 million. Bulgarian interest in increased trade with the US, therefore, probably would be mainly long-term and devoid of great urgency.

-4-

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11. One way to increase US trade with East European countries without new legislation would be to liberalize US licensing requirements and make available normal commercial credits. Licensing policy toward Eastern Europe, however, involves questions of what constitutes "strategic goods" and of policy toward the Soviet Union, which may have access to products and technology sold to Eastern Europe. Substantial expansion of trade with these countries in the long term would require extension of MFN treatment to East European countries.
12. Further dissemination of information, trade fairs and exhibitions, resident offices and other means of trade promotion on a reciprocal basis would also serve the general objective of expanding US contacts with Eastern Europe.
13. US support for the accession of East European countries to the various Western-oriented international economic organizations, such as the General Agreement on Trade and Tariffs (GATT) and the International Monetary Fund (IMF), might help to provide additional forums for East European contacts with Western countries, although the present nature of Soviet-type economic systems precludes any meaningful adherence to the policies of these organizations.
14. Outside the trade field, encouragement of tourism and exchanges of delegations and of university students and professors could be pressed further.
15. There is another general consideration bearing on the "bridge" policy as a whole. This is to avoid unnecessary competition with our Western European allies in certain Eastern European countries. By virtue of history and economic factors, several NATO states are better qualified to undertake some aspects of the "bridge building" and could be encouraged to expand their current role. Whatever steps the US may take to improve relations with Eastern Europe will necessarily influence the policies of our NATO allies.

-5-

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16. Appended are annexes detailing possible approaches for each country in the area.



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R. J. SMITH
Acting Deputy Director (Intelligence)

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ANNEX A

ALBANIA

1. The regime of party First Secretary Enver Hoxha is implacably hostile toward the West and is receiving economic assistance from Communist China. There are no productive overtures the US could make to Albania, therefore, that would not be rebuffed as attempts to embarrass the regime and to interfere in the country's internal affairs. This was the response when the US offered assistance following the disastrous Albanian floods of 1955.
2. The Albanian standard of living is so low that there is always a danger of its dropping below subsistence level. There may be opportunities, therefore, in the case of a bad harvest or a natural disaster, to offer humanitarian assistance to Tirana through some agency such as the International Red Cross.
3. Any US "bridge building" programs would be hampered because the US does not have diplomatic relations with Albania. The only western countries which do are France, Italy and Turkey. Of these, Rome probably has the most extensive relations with Tirana. The Italians are probably more interested than the French or the Turks in improving relations with the Albanians.
4. It is possible, therefore, that the US could underwrite certain programs in Albania to be undertaken by the Italians. These could include:
 - A. Public health and sanitation programs.
 - B. Introduction of improved strains of cattle and seed.
5. There is little else that the Western Allies of the US could undertake because of the extreme xenophobia of the Albanian regime, which actively discourages all contacts between its people and Westerners.

- 7 -

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ANNEX B

BULGARIA

1. The Bulgarian regime, like the Albanian, is isolationist in its attitude toward the West and chronically suspicious of US motives, especially in the cultural and political spheres.
2. There was a brief period of relative good feeling in US-Bulgarian relations during 1963, but Sofia's reaction to the Georgiev spy case last December stifled these beginnings. Although offers to raise the US Legation in Bulgaria to Embassy rank probably would be greeted warily, efforts to negotiate a consular convention might be well received.
3. Sofia is interested in expanding trade with the West, however, and might respond favorably to US overtures. Offers of assistance to improve the technical level of Bulgarian agriculture, the country's principal economic problem, would tempt Sofia. Offers of agricultural techniques such as water conservation and flood control programs could be extended, or assistance in curtailing the current "wheat bug" problem.
4. Bulgaria has also indicated an interest in obtaining the techniques of Western medical science, particularly in ophthalmology, cardiac diseases, and cancer. Offers of laboratory equipment might be well received.
5. In any offers of assistance, account must be taken of Bulgarian sensitivities over sovereignty and equality in international affairs. Particularly strenuous US efforts should be made to avoid adopting seemingly discriminatory policies. For example, the US recently refused to permit the overflights of a Bulgarian aircraft carrying a sports team to Latin America, although Sofia has allowed 15 USAF support flights for the US Legation since January 1962. Bulgaria has refused the latest US request for a support flight.

- 8 -

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ANNEX C

CZECHOSLOVAKIA

1. The most effective demonstration of US willingness to improve relations with Czechoslovakia would be the immediate conclusion of the eight-year-old claims negotiations. The Czechs believe that the repeated delays and difficulties in the completion of these negotiations--which concern mainly nationalization claims resulting from the Communist takeover of Czechoslovakia--indicate US lack of interest in improving relations. In this regard, the continued delays--which include delays by our allies responsible for certain gold transfers--are playing into the hands of old-time hard-liners in the regime who have opposed the policy of improving relations with the West.

2. Once these negotiations are concluded, Prague would probably become more amenable to other types of proposals from the US and the West. One of the first subsequent steps might be negotiations for a consular agreement providing for consulates in Bratislava and New York (or Chicago or Cleveland).

3. Czechoslovakia has been experiencing serious economic setbacks and is giving a high priority in its current plans to the attainment of high technical standards. Consequently, there are unusually good reasons at present for Czechoslovakia to be interested in increasing its imports from the West (including the US), where much of the best equipment is available, and in gaining greater access to Western technical information and markets. The desire for trade with the West may therefore become important enough to lead to negotiations similar to the recent Rumanian-US talks.

4. Economic difficulties have also led to Czech consideration of numerous changes to revamp its economic system, and to widespread discussion of broad economic issues. This has already opened the door somewhat to Western ideas and is likely to provide many opportunities for

- 9 -

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a further increase in Western influence, through such media as exchanges of technicians, economists, and publications.

5. Participation in the Brno Trade Fair and other trade exhibits could be expanded. Consideration could be given to ensuring that exhibited products which the Czechs might wish to order can obtain export permits by the Commerce Department (this has not been the case in the past). Likewise the Czechs could be invited to participate in trade or technical exhibits outside Czechoslovakia, at least for the sake of expanding contracts if not for actual trade itself.

6. The US could encourage joint projects between Western European countries and Czechoslovakia such as the Czech-Austrian canalization of the Morava River.

7. The Czech regime will continue to be cautious and fearful of the influences of Western culture on its sophisticated, Western-oriented, dissatisfied youth and on the population in general. Nonetheless, it has taken a position in favor of increased contacts on an ideologically competitive basis. Continuing efforts therefore could be made to expand cultural relations on a private or semi-private basis. Prague itself has suggested exchange visits by groups of journalists. Outstanding US artists and performers touring Europe also could be encouraged to visit Czechoslovakia, where musicians and composers are particularly welcomed. Some progress has been made in academic exchanges, and more could be done if the US were willing to permit Czechoslovaks to study in the US without demanding a quid pro quo. The Czechoslovak public is sports-minded and has responded well to visits by athletic groups, but more attention should be paid to sending top caliber athletes.

8. The Czechs recently agreed with the Austrians and began talks with the British for an exchange of TV programs. US attempts to arrange such exchanges have failed in the past, but future tries might prove successful if the US offered cultural rather than political programs.

- 10 -

NO FOREIGN DISSEM
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9. The regime reacted favorably to an Embassy offer of assistance in teaching English. The Embassy [REDACTED] could pursue this and eventually use the Embassy library as a reading room for such classes.

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10. Czechoslovakia has greatly eased entry procedures for visiting Westerners, so that private travel is relatively easy and inexpensive. Aside from the cultural-psychological value of increased personal contacts through tourism, the promotion or encouragement of US tourism to Czechoslovakia would add western currency to Czech coffers, giving them greater wherewithal to deal commercially with the US.

11. Even more important to the US, perhaps, is Czechoslovak tourism in the US. The Prague regime has eased the regulations so that a private citizen can travel to the US if he has an invitation and if he or the host can pay his expenses beyond the Czechoslovak border in western currency.

- 11 -

NO FOREIGN DISSEM
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ANNEX D

EAST GERMANY

1. As a general proposition, the continued division of Germany renders all but impossible direct efforts to effect the President's "bridge" policy with respect to East Germany. Barring a general European peace settlement and German reunification, or a reversal of the US policy of non-recognition, we are dependent on the West Germans, including the West Berliners, and on various international organizations--many of which do not include the East Germans among their members--to represent Western interests toward the East Germans.

2. The Federal Republic is loathe to deal on any official level with the Ulbricht regime and prefers to use non-governmental channels such as the Interzonal Trade mechanism or the Evangelical Church. There is at present, however, no consensus in the Federal Republic on how to ameliorate the plight of the East Germans or how best to deal with the Communist regime in East Berlin.

3. Recourse to international bodies, except for humanitarian aid channeled through the International Red Cross in times of disaster, would require that the US no longer actively oppose the accession of the East Germans to many of those bodies and that, in fact, it join with the USSR in supporting the admission of both the GDR and the Federal Republic on a basis of parity.

4. Short of this, it might prove feasible to restudy NATO policy on non-bloc travel by individual East Germans who at present are required to obtain Temporary Travel Documents to visit or transit NATO states and who are automatically denied such documents if travelling in any official capacity whatsoever. A policy of issuing TTD's to all applicants, individually and regardless of whatever mission they may assume at their ultimate destination, would facilitate travel to non-bloc areas and might stimulate the exchange of ideas.

- 12 -

NO FOREIGN DISSEM
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ANNEX E

HUNGARY

1. US-Hungarian relations have long been hamstrung by the problem of Cardinal Mindszenty's presence in the US Legation in Budapest. Solution of this problem is a precondition for the normalization of US-Hungarian relations. The US, however, does not officially regard the Mindszenty case as a bilateral issue; rather, it is considered a matter for Hungarian-Vatican negotiations.
2. There are, however, certain interim steps which can be taken, regardless of the Mindszenty matter. Such steps would be designed to convey US good faith and encourage the development of Hungarian initiatives towards the West. These moves could be responsive to overtures Hungary has already made to the US, including US construction of hotel and tourist facilities in Budapest, and establishment of a Hungarian State Tourist Agency (IBUSZ) office in the US. In the important field of agriculture, Hungary has sought an exchange of technological information.
3. Cultural contacts could be enhanced by a program of visitors' grants for potentially influential Hungarian professionals, patterned after the successful program established with Poland. Subsequent efforts could include the wide circulation of an American magazine in Hungary and official encouragement for the exchange of more technical publications--though not necessarily on a quid pro quo basis--as well as the development of artistic exchanges.
4. To encourage an expansion of trade ties, the US could encourage US firms to participate in exhibits and trade fairs in Hungary; make Hungarian exhibitors welcome in the United States; and give detailed advice on meeting US standards on such matters as imports of meat products. As these contacts expand, negotiations should be undertaken to establish a basis for granting industrial credits to Hungary.

- 13 -

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ANNEX F

POLAND

1. Since 1957 the United States, with the qualified agreement of the Gomulka regime, has established diverse economic and cultural relations with Poland. Poland's attitude--although it is subject to fluctuation--provides an opportunity for further US initiatives. Poland has also established parallel relations with West European countries, offering the possibility of joint US-West European efforts to "build bridges."
2. Poland's entry into GATT--now eagerly sought by Warsaw--and US encouragement of EEC members to liberalize trade with Poland would accommodate Poland's desire to expand and diversify its traditionally narrow range of exports to the developed West. West Germany has already indicated its partial willingness to meet Polish requests to this effect.
3. The French, Italians, and British have been interested in granting long-term credits to Warsaw for some time. The US might well reexamine the present five-year maximum it imposes on commercial credits under existing law.
4. Existing provisions for US use of "counterpart funds," i.e., Polish zlotys constituting partial repayment of US credits, could be broadened, permitting an expansion of US activities in Poland to be financed by this fund. The currently thriving US public health program financed from this source, and involving joint projects and exchanges of personnel, could be expanded in the areas of education and possibly public information. The re-establishment of USIA could be sought to provide yet another outlet for US activities in Poland.
5. Joint agricultural projects such as the establishment of an agricultural research center in Poland, supplying US techniques and translations of US agricultural literature, as well as information on organization, management and distribution could also be considered.
6. The joint US-Polish fishing enterprise which has just been established could be followed

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by further coordinated efforts in the fishing industry with the West Europeans, particularly the Scandinavians. Polish agreements with Denmark, for example, provide a basis for other agreements, possibly including a Polish-British fishing consortium for exploiting and marketing ocean products.

7. Poland has agreed to negotiate a consular treaty with the United States, and plans are already under way to arrange for additional consulates. It might be profitable to move the existing US consulate from Poznan to Szczecin. US interest in the stability of Poland's western frontiers could thus be demonstrated without explicit recognition. A similar result could be achieved by a joint US-West European-Polish project for the development of the port of Szczecin as a main trade port for landlocked Central European countries.

8. Above all, the most effective and dramatic move to "build a bridge" to Poland would be an informal, personal statement by the President, similar to that of President De Gaulle, affirming the permanency of Poland's Oder-Neisse frontier. This would complicate Khrushchev's problems by implicitly raising the question of Poland's eastern frontier. It would also, however, complicate US relations with the Federal Republic of Germany.

- 15 -

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ANNEX G

RUMANIA

1. Given the momentum of US-Rumanian relations, the worsening of Rumanian-Soviet relations, and the vigorous regime-sponsored revival of Rumanian nationalism, the US will have to be cautious lest its overtures and Bucharest's responses exceed the limits the Soviet bloc will tolerate. After a period of consolidation, the US could take the initiative in the whole area of cultural, scientific, and technical relations.

2. Rumania has a tradition of cooperation with the French, and during the inter-war period Rumania joined the French alliance system. Because of strains in US-French relations, Washington would be well advised for the time being to avoid any joint actions with Paris toward Rumania. On the other hand, joint initiatives might well be undertaken with the British or the West Germans, both of whom are showing a lively interest in increased contacts with Bucharest. The broad context of US efforts toward Rumania should be that used to meet the problems underdeveloped states face in the process of rapid industrialization.

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ANNEX H

YUGOSLAVIA

1. The question in US-Yugoslav relations is less one of building bridges than of restoring those undercut during the last 4 years by the US Congress in reacting to Belgrade's pro-Soviet neutralism. The initial US effort must be directed, therefore, toward re-establishing the degree of flexibility necessary for profitable dealings with Belgrade.

2. Once this has been accomplished, the key area for immediate action is the resumption of sales of new or spare parts for military equipment of US origin. In the absence of US willingness to sell, Belgrade has turned to Moscow, which has by now become the major supplier of new equipment.

3. Yugoslavia has acute balance of payments problems. The US could earn considerable good will by further pressing Western economic organizations, such as GATT, for sympathetic consideration of Yugoslav needs.

4. Once Yugoslav relations with the US have been restored to something closer to the high point they once achieved, there is a wide range of programs the US could undertake. The Yugoslavs are already admirers of and receptive to Western business practices and could be approached in such fields as advertising, corporate organization and management, and incentives for industrial workers. Since Yugoslavia will increasingly be facing the problems common to industrial societies, assistance in the development of such disciplines as human relations could also be rendered.

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ANNEX I

SUMMARY OF AMBASSADOR KENNAN'S VIEWS
ON US POLICY TOWARD YUGOSLAVIA*

Ambassador Kennan notes that US policy toward Yugoslavia after Belgrade's break with the Soviet bloc in 1948 was designed to encourage divisive forces within the bloc and to encourage a liberal, pro-Western domestic evolution in Yugoslavia. It was not designed to lead to the overthrow of the Tito regime.

Kennan concludes that this policy was generally successfully pursued until 1962. Although it did not produce "any great changes in Tito's view of himself as a Communist," Yugoslavia's domestic institutions and foreign policies became significantly different from those "of the real Communist countries." With Tito gradually assuming a less active role in Yugoslav affairs, there was even the prospect of a more forthcoming policy toward us.

Kennan next reviews the collapse of US policy brought about by the independent actions of Congress and militant American anti-Communist groups, pointing out that Belgrade can only conclude that it is being punished because it calls itself Communist and not for any particular anti-US actions. Yugoslav officials seem to have drawn the lesson that the price of good relations with the US is renouncing their political past, placing in question the legitimacy of their regime, and denouncing their belief in socialism.

Kennan states that US policy toward Yugoslavia has never enjoyed a broad understanding or commitment outside the working level in the Department of State. It has had powerful enemies, moreover, in right-wing American and refugee groups, with their religious and Congressional supporters and spokesmen. In addition, the press has failed to provide adequate coverage of Yugoslavia.

* US Embassy Belgrade, Airgram A-543, 28 Nov 1962 (LOU)

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To correct the situation, Kennan advocates recovering freedom of action by the Executive Branch through repeal of recent anti-Yugoslav legislation. Next, an effective policy--he does not specify what--toward Yugoslavia must be reconstructed. Concurrent with both these efforts, a major educational effort must be launched toward the public, the press, the Congress and its staffs, and the various echelons of the Executive Branch. Short of this, Kennan believes we had better "fold our tents" before "the Yugoslavs do it for us."

- 19 -

NO FOREIGN DISSEM

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